

## HOUSE BILL NO. 577

INTRODUCED BY BRUEGGEMAN

1  
2  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT ~~THREE~~ EIGHT OR MORE EMPLOYERS WITH  
5 A TOTAL OF MORE THAN 500 EMPLOYEES MAY APPLY TO THE INSURANCE COMMISSIONER TO  
6 ORGANIZE A RECIPROCAL INSURER FOR THE PURPOSE OF PROVIDING WORKERS' COMPENSATION  
7 COVERAGE FOR THEIR EMPLOYEES; AND AMENDING SECTION 33-5-201, MCA."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10  
11 **Section 1.** Section 33-5-201, MCA, is amended to read:

12 **"33-5-201. Organization of reciprocal insurer.** (1) (a) Twenty-five or more persons domiciled in this  
13 state may organize a domestic reciprocal insurer and ~~make application~~ apply to the commissioner for a  
14 certificate of authority to transact insurance.

15 (b) ~~Three~~ EIGHT or more employers with a total of more than 500 employees may organize a domestic  
16 reciprocal insurer and apply to the commissioner for a certificate of authority to transact insurance for the  
17 purpose of providing workers' compensation coverage for their employees.

18 (2) The proposed attorney shall ~~fulfill the requirements of and shall execute and~~ file with the  
19 commissioner when applying for a certificate of authority a declaration setting forth:

20 (a) the name of the insurer;

21 (b) the location of the insurer's principal office, which ~~shall~~ must be the same as that of the attorney and  
22 ~~shall~~ must be maintained within this state;

23 (c) the kinds of insurance proposed to be transacted, which in the case of a reciprocal insurer organized  
24 pursuant to subsection (1)(b) may only be workers' compensation coverage for employees;

25 (d) the names and addresses of the original subscribers;

26 (e) the designation and appointment of the proposed attorney and a copy of the power of attorney;

27 (f) the names and addresses of the officers and directors of the attorney, if a corporation, or its  
28 members, if a firm;

29 (g) the powers of the subscribers' advisory committee and the names and terms of office of the  
30 members ~~thereof~~ of the committee;

1           (h) that all ~~moneys~~ money paid to the reciprocal insurer ~~shall~~ must, after deducting ~~therefrom~~ any sum  
2 payable to the attorney, be held in the name of the insurer and for the purposes specified in the subscribers'  
3 agreement;

4           (i) a copy of the subscribers' agreement;

5           (j) a statement that each of the original subscribers has in good faith applied for insurance of a kind  
6 proposed to be transacted and that the insurer has received from each ~~such~~ subscriber the full premium or  
7 premium deposit required for the policy applied for, for a term of not less than 6 months at an adequate rate  
8 ~~theretofore~~ filed with and approved by the commissioner;

9           (k) a statement of the financial condition of the insurer, a schedule of its assets, and a statement that  
10 the surplus as required by 33-5-401 is on hand; and

11           (l) a copy of each policy, endorsement, and application form ~~if then proposed to~~ proposed for issue or  
12 use.

13           (3) The declaration ~~shall~~ must be acknowledged by the attorney in the manner required for the  
14 acknowledgment of deeds."

15

- END -